Big But Not Easy

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MORE than ever before, donors are tying strings to their gifts and pulling them hard to ensure that their dollars do exactly what they want them to do.

Thanks to the immense wealth created in the last decade, the country has a new generation of philanthropic lions, and, like their predecessors, these donors seek to invest not just their money but their ideas into the causes that are their passion.

Eli Broad's recent gift to the Los Angeles County Museum of Art, for example, gained him virtually exclusive control over the construction of a new building and strong influence over the art that will go into it. Michael and Susan Dell structure their contributions so they can measure the effects.

Like Andrew Carnegie and John D. Rockefeller, the founders of America's peculiar brand of capitalist compassion, this new breed of donors has an understanding of the power of money to produce results. The difference is that the earlier philanthropists built new institutions while many of today's donors are working through established groups -- at a time when public confidence in charities is low.

Keeping a tight lid on donations is, therefore, not only a way of asserting one's will but also a way of imposing accountability. "If somebody's giving a major gift, they're entitled to an amount of control that makes them comfortable," said James S. Tisch, president and chief executive of the Loews Corporation, whose family has given many millions of dollars to organizations ranging from the Central Park Zoo to Jewish groups. Most donors are reluctant to admit to flexing their muscles. "I don't work that way," said Robert W. Wilson, a retired hedge-fund manager who is known as a generous benefactor. "I go to organizations I think are doing a very good job as it is, and I'm just giving them money to do more of the same."

Nonetheless, he withdrew a $50 million offer to help underwrite a new home for the New York City Opera when it tried to become the cultural anchor at the redeveloped World Trade Center site. He said it might not be convenient for much of the opera's audience. The company was not selected and is in talks to buy the former American Red Cross New York headquarters near Lincoln Center. Mr. Wilson has renewed his offer.

Some charities, like the UJA-Federation of New York, which raises money to support Jewish agencies here and abroad, discourage donors from earmarking gifts for specific groups and programs. "We are swimming upstream against a kind of philanthropic individualism," said John Ruskay, the executive director.

But gifts bristling with conditions are usually the biggest and hardest to turn down. "I've heard of nonprofits striking Faustian deals with donors," said Leo P. Arnoult, president of Arnoult & Associates, which advises nonprofits on fund-raising.

Indeed, the nonprofit world has been haunted by the fate of the Barnes Foundation, outside Philadelphia, which houses a stunning art collection but struggles financially because its founder, Albert C. Barnes, imposed such stringent conditions that the museum cannot even rearrange the art on the walls.

But donors note that Dr. Barnes created his own museum to exercise his will. "If you're going to get involved with a large, well-established organization, unless you want to go along in the way they're going, forget it," said Richard Gilder, a money manager and philanthropic activist. "If you think you can change Yale or Columbia or the Metropolitan Museum because you have a few million bucks, you're kidding yourself."

Nonetheless, Mr. Gilder has proved to be adroit at getting his way. In 1993, he gave a $17 million grant to the Central Park Conservancy on condition that New York and the conservancy match the money. Matching gifts are the most benign form of donor control, an attempt to kindle a fire under fund-raisers.

Mr. Gilder's gift helped spiff up the Great Lawn and allowed other improvements. It also helped him advance his plan to privatize the park's management, which the conservancy took over four years later.

His latest philanthropic target is the New-York Historical Society. He and Lewis E. Lehrman, also a money manager, who was the New York Republican gubernatorial candidate in 1982, have lent the society their collection of historical documents; built a $1 million vault to house it; and attracted new deep-pocketed board members.

They also agreed, Mr. Gilder said, to underwrite a $2.2 million Alexander Hamilton exhibition, and they raised almost $4 million more for the society, which has long struggled.

In exchange, they want the society to try to raise its profile and attract more visitors and researchers. Critics, including scholars and staff members, say that that will divert the society's focus on New York.

Mr. Gilder said his agenda was in line with the society's charter and that the board had signed off on everything but his wish to be chairman. Instead, he said, he was made a board member and became head of a new management committee.

Mr. Broad, the billionaire who once controlled SunAmerica and what is now known as KB Home, contended that reports of the influence he won with his $60 million gift to the Los Angeles museum were overblown.

He is putting up $50 million to build the 80,000-square-foot Broad Contemporary Art Museum as an anchor for the county museum's expansion. He also gave $10 million to acquire art. In exchange, he got to pick the architect -- Renzo Piano -- and set up a separate board to govern the acquisition fund. The Broad family can name three of its five members.

"We're not going to get involved weekly and monthly with the hands-on management of the fund," Mr. Broad said. "If the curators of the museum want to buy something, they will be able to buy it."

He has held onto his large contemporary art collection, agreeing so far only to lend it to the new museum. Some people in the art world have suggested that the arrangement was meant to retain leverage over the institution.

"We have our own operating foundations to do the things we want to do," Mr. Broad said, referring to the Broad Art Foundation and the Broad Education Foundation. Operating foundations are not grant-making institutions; rather, they spend their money on programs they devise.

Large, wealthy institutions can, and do, turn down all kinds of offers and, in rare cases, return gifts accompanied by conditions that they cannot accept or that do not fit a particular fund-raising plan, like a capital campaign.

Capital campaigns are by nature restrictive: the money raised can only be used for the projects and programs that were defined when the campaign started. Charities like capital campaigns because they usually raise big sums that are dedicated to an agenda they control.

The Memorial Sloan-Kettering Cancer Center, for example, is in the midst of a campaign to raise $1 billion. About half the money will underwrite construction of a 23-floor research building and help double the research staff. The rest is for a variety of clinical and hospital needs.

Richard K. Naum, vice president for development, said that if a gift were offered that did not meet those priorities, the hospital would try to persuade the donor to reconsider and, if that failed, might decline it.

The hospital has discussed a potential gift of tens of millions of dollars with Evelyn and Leonard Lauder, the cosmetics magnates who have supported Memorial Sloan-Kettering for years, said two longtime fund-raisers familiar with its capital campaign. They spoke on condition of anonymity because they did not want to alienate the Lauders.

They also said that the Lauders were willing to consider such a gift if the money were spent on programs related to breast cancer, Mrs. Lauder's primary philanthropic focus. She underwrote the hospital's Evelyn H. Lauder Breast Center and founded the Breast Cancer Research Foundation. And the Estee Lauder Companies sponsors the annual Breast Cancer Awareness Campaign, with its pink ribbon.

Breast cancer, though, is not a goal of the hospital's campaign.

"Memorial Sloan-Kettering has approached Evelyn and Leonard Lauder about a significant gift, as have many other worthy institutions," said Sally Susman, a spokeswoman for Estee Lauder. "They decline to reveal the details of those conversations." Mr. Naum declined to comment, too, saying he never discusses donors or their gifts.

Many emerging philanthropists seek influence by applying the principles of venture capital, a practice that gave rise to the term "venture philanthropy," since replaced with "engaged philanthropy." "It's money that can be used to build organizations and put them on a sounder footing so they can move forward more independently," said Mario Marino, an entrepreneur associated with such philanthropy.

Groups that get money from the Michael and Susan Dell Foundation, for example, do a lot of work to create tracking and reporting systems to gauge effectiveness.

The Dells underwrote a program that enabled the Austin Independent School District in Texas to hire additional college advisers for its 12 high schools. To meet the Dells' requirement for feedback, the district created a database, using a $50,000 grant from the foundation, to tabulate quarterly effectiveness.

In today's charged atmosphere, charities must be alert to any sign that a dispute may be brewing. Last year, Mr. Tisch sent what he calls a "vituperative" e-mail message to Hannah Rosenthal, executive director of the Jewish Council for Public Affairs, taking issue with a stance the organization had taken on a Bush administration tax cut policy.

In an e-mail newsletter to its members, called Insider, the council had written about the policy: "J.C.P.A. coalition partners, in advocating for the poor, contend that it does not best meet their needs."

Mr. Tisch wrote, "I detect some 'drift' in the recent Insiders that I have seen away from 'Jewish' issues." He went on to comment, "I believe that many of our donors would not be too pleased to see our communal dollars being spent advocating either for or against tax proposals."

Mr. Tisch, who provided a copy of his e-mail message, said, "This is the extent of my effort to influence them."

Nonetheless, he was head of United Jewish Communities, a big underwriter of the Jewish Council for Public Affairs. The council summoned its 70 board members to discuss the disagreement, according to members who attended. They said the board decided to continue to speak out on tax policy, encouraged by one member's promise to make up any shortfall should United Jewish Communities withdraw its support.